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SUBJECT: PRESIDENT PERES VISITS ASTANA AND BAKU

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11. (SBU) Summary: Israeli President Shimon Peres, along with 3 ministers and a 60 person commercial delegation, visited Astana and Baku June 29 - July 1. The stated purpose was to advance the Israeli industrial and business agenda in these countries not traditionally considered close diplomatic or economic allies of Israel. Peres, real agenda, however, was to demonstrate Israel's ability to reach into Iran's backyard. In Astana, the President delivered the keynote address to the Congress of World and Traditional Religions. While the Iranian representative walked out of the presentation, from the point of view of the President's office, the action only served to highlight Iran's isolation in the world. The President's advisors consider the trip an outstanding economic and diplomatic success. They found the reception they received in both countries "thrilling," and considered President Aliyev's refusal to cave to Iranian demands (see reftel) a "brave step."

12. (U) While pursuing his stated goals of advancing Israel's interests in 5 specific areas -- clean energy, homeland security, education, stem cell research, and water and agriculture -- President Peres has been making an effort to reach out to less traditional trading partners. This year he chose to target Azerbaijan and Kazakhstan. According to one of Peres' diplomatic advisers, the invitation to the multi-faith conference was received after these trips were planned and conveniently coincided with the visit to Astana. In this first state visit since the establishment of diplomatic relations between Israel and these two Muslim states, President Peres was welcomed by Presidents Aliyev and Nazabayev with whom he discussed the full panoply of bi-lateral and regional issues. The president was joined by almost 60 business men and women as well as the ministers of Industry and Trade, Cultural and Sport, and Infrastructure. The GOI sponsored conferences in both capitols in an effort to increase business to business contacts. Additionally the ministers held bi-lateral meetings with their counterparts seeking greater cooperation in their respective fields. Finally the president met with representatives of the Jewish communities of both countries.

13. (SBU) The President's office considers the trip an unqualified success on both the diplomatic and business fronts. Although press reports focused on the actions of the Iranian delegate who walked out of the multi-faith conference during Peres' speech, his staff minimized the importance of this event. From their perspective, it was a sea change in Muslim attitudes toward Israel. There were many Muslim participants in the Conference, and the Iranian representative was the only one to walk out. As the president said, "Iran has learned that it is all alone."

14. U) The President came back from the trip with several concrete deliverables. Bi-lateral trade and development agreements were signed in both countries. Most notable in Astana were a space technology agreement and agriculture,

communications and construction projects. As mentioned in reftel, Israel and Azerbaijan announced cooperation on road construction projects and in the area of defense technology. Several MOU's for business cooperation were signed by members of the delegations as well. They also attracted ground-breaking Kazakh investment in an Israeli agricultural research center. They seem most pleased with the President's efforts to "push forward" diplomatic relations with Azerbaijan, a country with no diplomatic presence in Israel.

15. (U) Our contact in the President's office seemed surprised by the relative lack of protest in either country to their trip. They described a heartfelt welcome from both the governments and peoples. Israeli flags flew along their motorcade routes. Every request from the advance team was met and often exceeded. Finally, they expressed deep appreciation for the actions of President Aliyev in ignoring Iranian demands to cancel the visit, even after the Iranians withdrew their ambassador in protest.

16. (SBU) Comment. Peres has long been a booster of Israeli relations with Turkey. His engagement with the Turks may have contributed to his interest in developing Israel's ties with Caspian and Central Asian states. Israel has real expertise to offer Azerbaijan and Kazakhstan, but equally important in Israeli eyes was Peres, success in showing the flag in Iran's back yard. End comment.

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